

JUNE 22, 2011 – NOTES OF ACTION TAKEN BY THE SEVIER SCHOOL DISTRICT BOARD OF EDUCATION AT A MEETING HELD ON JUNE 22, 2011, AT 4:00 PM IN THE SEVIER SCHOOL DISTRICT OFFICE.

In attendance were President Clint Johnson, Vice President Jack Hansen, members Tom Hales, Don Naser, and Richard Orr, as were Business Administrator Patrick D. Wilson and Executive Secretary Patricia Sanchez. Superintendent Myron Mickelsen and Assistant Superintendent Gail Albrecht were excused from the meeting.

Mr. Naser arrived to the meeting at 4:23 p.m.

Also in attendance were Secretary Mavane Loftus, Brian Baker of Zions Public Finance, Brandon Johnson of Chapman & Cutler, and teacher Kathryn Robinson.

President Johnson welcomed everyone to the meeting.

Tom Hales offered the reverence and led the group in the Pledge of Allegiance.

ITEM #2. – BOND REFUNDING. Business Administrator Patrick Wilson welcomed Brian Baker of Zions Public Finance and Brandon Johnson of Chapman & Cutler to the meeting. They explained that the Series 2003 Bonds were not available for a refunding until 2013; however, the District could do an advanced refunding of those bonds maturing beyond the 2013 timeframe. The competitive sale of the bonds is scheduled for July 14 at 9:30 a.m., where banks will compete against one another. The actual closing is set for August 3, 2011. The last bond refunding was a negotiated sale and this one is a competitive sale. Mr. Baker explained the bid would be advertised electronically ten days to two weeks before the sale to let everyone know what's coming. Prior to that, Zions Bank will be monitoring the progress everyday to make sure it's a feasible sale.

Mr. Wilson explained that the interest rate market is such that this option of doing an advanced refunding, currently has a present value savings in excess of three-percent, which is generally considered the minimum amount feasible to conduct a refunding. The actual present value savings is around the six-percent savings level using current interest rates and with the District making an advance payment contribution. He stated that is was a lot like refinancing your home, and in this case, the intent is to save taxpayers money. The District has the option to deny all the bids from banks if the interest rate doesn't meet the expectations.

Mr. Wilson further explained that when the District develops the ten-year building plan in 2015, in which the replacement of Richfield High School will be one of the primary discussion points, the bond refunding would provide the District the ability to go to the public and put an election out to authorize a bond issuance. The District could be out of debt and there is a high possibility that there would be no tax increase needed.

Included in the resolution authorizing the advanced refunding, is the delegation of the authority of the Board for the final acceptance and closure of the bonds to an authorized individual; in this case, the Business Administrator.

Mr. Baker thanked the District for the good working relationship in the bond refunding process and acknowledged Mr. Wilson as being a great asset to the District.

A motion was made by Don Naser and seconded by Jack Hansen to adopt the following resolution. "A Resolution authorizing the issuance of up to \$3,000,000 General Obligation Refunding Bonds (Utah School Bond Guaranty Program), Series 2011 of the Board of Education of Sevier County School District, Sevier County, Utah; providing for the levy of taxes to pay principal of and interest on the Bonds; providing for the use of the proceeds thereof; fixing the maximum aggregate principal amount of the Bonds, the maximum number of years over which the Bonds may mature, the maximum interest rate that the Bonds may bear and the maximum discount from par at which the Bonds may be sold; providing for the publication of a notice of refunding Bonds to be issued; providing for the running of a contest period; making certain findings and covenants in connection therewith; providing for a system of registration; therefore; ratifying actions heretofore taken; making certain representations and covenants concerning maintenance of the tax-exempt status of interest thereon under the federal income tax laws; authorizing the circulation of an official statement; approving the form and authorizing the execution of a continuing disclosure undertaking; giving authority to certain officers to approve the final terms and provisions of the Bonds, within the parameters set forth herein; and providing for related matters." Motion passed unanimously.

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ITEM #3. – CONSENT AGENDA. President Johnson called for objections on the consent agenda. Since there were no objections, the consent agenda received Board approval.

ITEM #3.A. – APPROVAL OF MINUTES. Minutes from the May 25, 2011, Board Meeting and Closed Meeting were approved.

ITEM #3.B. – APPROVAL OF EMPLOYEES. The following individuals were approved for employment: **Amber Christensen** as a teacher at Ashman Elementary; **Michelle Holt** as a family and consumer sciences/social studies teacher at North Sevier Middle; **Leanne Pope** as a half-day science teacher at South Sevier Middle; **Valarie Johnson** as an instructional assistant at Ashman Elementary (*one year only*); **Jamie Lewis** as an instructional assistant at Ashman Elementary (*one year only*); **Tracy Hooper** as an instructional assistant at the Richfield Preschool (*year to year*); **Janel Parry** as an instructional assistant at the Monroe Preschool (*year to year*); **Valoy Bowers** as an instructional assistant at the Salina Preschool (*year to year*); **David Singleton** as a summer painter (*2011 summer only*); **Makenzie Anderson** as an elementary teacher at Monroe Elementary; **Jeff Raisor** as an elementary teacher at Salina Elementary; and **Tara Redd** as an elementary teacher at Monroe Elementary

ITEM #3.C. – TEACHER JOB DESCRIPTION – SECOND READING. The new policy received second reading approval.

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ITEM #3.D. – USBA/USSA ANNUAL DUES. The Board approved continued membership with USBA/USSA and the payment of the annual dues.

ITEM #3.E. – STUDENT INSURANCE FOR FY 2011-12. The Board approved Harold Dance Investments as the student accident insurance provider for the 2011-12 school year.

ITEM #3.F. – GIFTS TO SCHOOL FOR FY 2010-11. The Board officially accepted and expressed appreciation for the gifts given to the schools during the 2010-11 school year.

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ITEM #3.G. – UTAH RETIREMENT SYSTEMS RESOLUTION. “Be it therefore resolved that the Sevier School District formally agrees to pick up five percent of the required member contribution for all eligible employees required to contribute to the Utah Retirement Systems Contributory Retirement Plan for the fiscal 2011-12 year. The Sevier School District will continue to pay five percent as an employer contribution as outlined by statute (53A-17a-125).”

ITEM #3.H. – FINANCIAL SUMMARY. The financial summary for the period ending May 31, 2011, was approved as well as the list of checks issued in May 2011.

ITEM #3.I. – MEDICAID SERVICES CONTRACT. The Board approved the renewal of the existing contract between Sevier School District, Jordan School District, and Cost Management Services. This contract comes up for renewal approximately every three to four years based on the ability for the District to participate in the administrative portion of Medicaid. Jordan School District acts as the fiscal agent for all the school districts and Cost Management Services Company assists with the time studies, reporting, and the claim submission.

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ITEM #5.A. – DISCUSSION – ITEMS FROM THE BOARD. The following items were discussed:

- USB A Pre Delegate & Delegate Assembly – August 12-13, 2011: Mr. Hales explained that the purpose of the meeting is to try to get a consensus throughout the state as to what the ideals and priorities are to take to the legislature. Mr. Hales and the Superintendent Mickelsen plan to attend.
- USB A Leadership Academy: September 8-10, 2011: Board member Rick Orr plans to attend.
- Plans were discussed for the June 29 Board social at President Johnson’s Oak Ranch. Mr. Johnson provided two options for an ATV ride and a menu for the evening meal.
- Mr. Orr acknowledged the passing of former District employee Dick Twitchell and inquired about sending flowers from the Board. Mr. Wilson stated that the District had already sent a plant to the family from the Board and District office staff. The dates and times for the funeral and viewings were provided.
- Mr. Orr stated that he’d received several calls from patrons, who voiced concerns over Snow College Richfield eliminating some CTE classes and asked if there was something the District could do to keep them. Mr. Naser stated that he attended a CTE meeting in Wayne County on Friday, June 17, and that the root of the matter was that it wasn’t a budget decision as to why those courses were cut. He commented that Snow College had been working with Workforce Services and wants to bring in more programs that are more relevant to the six-county area. Workforce Services projected that there was no employment in the area for a draftsman for the next ten years. He stated that a heated discussion developed about how some of the industry has gone to Snow College and they have not been responsive. The Sufco Mine approached Snow College; however, after waiting for a long period of time and never getting a response, they partnered with UVSC to do their necessary training. Carl Albrecht of Garkane

Power talked about energy, and stated that a bulk of the linemen throughout the state is approaching retirement and the people to replace them are just not there. They talked about IPP initiating their own training. They have taken funds for CTE and set it aside for right now with the hope of offering new programs in the future. He felt they were going to investigate and try to bring in those programs applicable to our area. They talked about bringing in a truck-driving program; however, it is not a two-year program. It may be a ten-week program at best.

Mr. Wilson commented that one of the things the legislature has more or less mandated to CTE or the UCAT system is that if they are not job producing in a program, then that program should not exist. Although it is not specifically written somewhere, the legislature's intent is that if you have a program that a lot of people are interested in and it doesn't lead to an employment opportunity for that person within the region they are required to serve, then it was not a valid program. That's the position President Wyatt has taken both with construction management, graphic arts, drafting, and culinary arts. Higher Education mandates say that if the program does not generate employment within their region, then it's not for them to be the trainer.

Mr. Naser said that Snow College is going to be more industry minded in their offerings. He felt there were multitudes of areas that could use help and they needed to decide which programs are most needed. One of the CTE directors made it clear that the minutes of the meeting should reflect that the high school students would not be affected and that they could still obtain a drafting credit. Mr. Wilson pointed out that the responsibility would then fall on the District to change the offerings in order to provide the program, as well as have a certified instructor to do that. At this time, the District doesn't have the space, capacity, or personnel to make the transition.

Mr. Wilson stated that President Wyatt, Marvin Dodge, and Craig Mathie met with him and Superintendent Mickelsen the day before the announcement came out to let them know this was coming. They asked for the District's concerns in relationship to this. They were told that the college has stepped away from the high schools; they don't come and entice the students, don't meet with the counselors like they used to, they don't talk to the District about what's available, and they've changed their schedule so it is no longer in sync with our high school schedules. There was a lot of confusion last year because it was one of the first years a student going from the high schools to the college dropped dramatically and it was because there was a two-week difference between the end of the semester and the start of their semester. Some of the instructors at the college said they'd work with students and some said no; we won't let them come in two weeks late. It was suggested for them to meet with our high school counselors and principals to resolve these issues so that the students can have those experiences and opportunities, because they are dwindling with the graduation requirements being raised as well as other conflicts. Students have lost a lot of the opportunities they once had. They agreed that communication between them and the District needed to be improved and that they would work on it.

ITEM #4. – PATRON DIALOGUE. There was no patron dialogue.

ITEM 5.B. – DISCUSSION – ITEMS FROM ADMINISTRATION. The following items were discussed:

### **Items from *Pat Wilson***

- **Construction update:** The South Sevier Middle HVAC system has been progressing somewhat slow but should pick up now that school is out. Some of the preliminary work necessary to set the new systems and controllers has been done.

North Sevier High Vo-Ag shop: The interior-welding booth has been bricked and most of the electrical is done. They have started the outside building and all of the colors have been picked and the project is on track to be completed prior to the start of school. There have also been some electrical changes made.

Monroe Elementary/Pahvant Elementary bathroom remodeling: Most all of the demolition at Monroe has been completed. The original plan has been reworked and improved, which includes changes to the faculty room, special needs room, and the take-home library. There have been some challenges with underground piping, specifically the sewer lines. The goal is to replace all the cast iron pipes with PVC down in the tunnels; however, all of the piping isn't in the tunnels. The project at Pahvant hasn't started because of all the challenges at Monroe.

Site improvements: The Salina Elementary project is almost done. The bus-unloading and playground areas are completed. The South Sevier High project, which was going to be a small repair, has turned into the whole bus lane now. Basically, the old asphalt was installed on unstable soil and the majority of the area needed to be excavated and resurfaced in order to stabilize it.

The rotor milling at South Sevier Middle/High School has been completed. The site projects at the bus barn and the District Office may have to be delayed in order to complete the projects at the schools before school begins.

- **July 20 Board meeting:** Mr. Wilson recommended canceling the meeting due to no business needs at that time.
- **GASB Resolution:** Mr. Wilson explained that GASB 54 goes into effect for all years ending after June 15, 2011. It redefines the District's fund balances rather than being designated for construction commitments, undistributed reserve, or undesignated items. The categories have been changed to the following:

Non-Spendable Fund Balance includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g., inventory, pre-paid items, permanent scholarships).

Restricted Fund Balance includes amounts constrained for a specific purpose by external parties (e.g. Debt Service, Capital Projects, State and Federal Grant Funds).

Committed Fund Balance includes amounts constrained for a specific purpose by a government using its highest level of decision-making authority (e.g. Major Maintenance, Capital Replacement Reserve, Land, Hail Reserve, and Campus Activity Funds).

Assigned Fund Balance includes general fund amounts constrained for a specific purpose by a governing board or by an official that has been delegated authority to assign amounts.

Unassigned Fund Balance is the residual classification for the general fund.

- **Revised Board Meeting Calendar for 2011-12:** Revisions to the calendar included time changes to the August 2011 (4:00 p.m.), May 2012 (3:00 p.m.), and June 2012 (4:00 p.m.), meetings.
- **Policies to be deleted from policy manual:** The following policies no longer function in the District because they have been completely phased out by Policy 2101, Defined Medical Benefit. 2100, Early Retirement Incentive for Professional/Certified Employees (was phased out on June 30, 2010)

2100A, Early Retirement Incentive for Employees – Phase Out (the Defined Medical Benefit plan came into place)

2105, Classified Employee Early Retirement

- Long-term disability (LTD) election for Utah Retirement System (URS) Tier 2 employees: Mr. Wilson explained that this was predicated by what the legislature did two years ago. They created the Tier 2 retirement system, which will go into effect on July 1, 2011. Under the Tier 1 system, if a person goes out under LTD, they continue to get retirement credit. When the Legislature wrote the Tier 2 system, which allows a person to go 401k or on the 1.5 percent for 35 years, they did not cover the LTD structure in the system. The two elections from URS included, 1) *Yes, the employer elects to cover all Tier 2 members under its current Benefit Protection Contract. (The employer will be required to pay the total contribution rate for all Tier 2 members approved for long-term disability), or 2) No, the employer elects to cover any Tier 2 members under its current Benefit Protection Contract. The current Benefit Protection Contract will remain unchanged for Tier 1 members.* District Administration recommended not covering Tier 2 members, due to the phenomenal costs to the District because they would be paying twice, one for the employee that replaces the LTD, and one for the full retirement on the LTD. From a financial stability and risk standpoint, administration felt it wasn't in the District's best interest to provide this. The employee could do this and it wouldn't be a District liability.
- Mr. Wilson provided the proposed State Board rule that relates to HB 65 and online instruction, which will have a devastating impact on the District. The rule states that a student has to logon five times within the first ten days in order for the online school provider and districts to collect funding.

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- Mr. Wilson informed the Board that he had received an email about soccer and that the community would like to hold some large tournaments. They felt the District's soccer fields are not in good shape, and Mr. Wilson agreed they weren't because the District is on city water rates in the Richfield area and it is very expensive to water in the summer months. The North and South Sevier areas are on an irrigation system. Custodians have been advised to keep the lawns alive and somewhat green. His recommendation to the group was to go to the city parks or the Snow College area for their tournaments because the District could not afford to water the grass.

**ITEM #7. – CLOSED MEETING. A motion was made at 5:35 p.m. by Jack Hansen and seconded by Tom Hales to go into the Closed Meeting to discuss the character, professional competence, or physical or mental health of an individual(s) and real property. Voting went as follows: yes – Clint Johnson, Jack Hansen, Tom Hales, Don Naser, and Richard Orr. Motion passed.**

In attendance were President Clint Johnson, Vice President Jack Hansen, members Tom Hales, Don Naser, and Richard Orr, as were Business Administrator Patrick D. Wilson and Executive Secretary Patricia Sanchez. Superintendent Myron Mickelsen and Assistant Superintendent Gail Albrecht were excused.

**A motion was made at 5:57 p.m. by Don Naser and seconded by Jack Hansen to go out of a Closed Meeting. Voting went as follows: yes – Clint Johnson, Jack Hansen, Tom Hales, Don Naser, and Richard Orr. Motion passed.**

ITEM #6. – BUDGET REVISION FOR FY 2011, ADOPTION OF BUDGET AND TENTATIVE TAX RATE FOR FY 2012. Mr. Wilson excused Accountant Kari Carter from the meeting. He presented the FY 2011 budget revision. Most of the adjustments were in the revenues, which were less than one-percent. He then explained that the revision showed a reduction in instruction of \$4.4 million, when, in fact, the District didn't reduce instruction. He reminded the Board that the District had a \$5 million instructional equipment budget, which is the carry over and the law requires to budget to zero. It has been taken out of the equipment budget and put back in the carry over so it can be used for next year. Instruction was actually increased by about \$500,000, and most of that comes from USTAR or other restricted programs. Transportation costs increased because of high fuel prices. Overall, there was not a significant change from the budget revision presented in February 2011 to the current budget revision being proposed. He complimented Mrs. Carter for a good and thorough review of the FY 2011 budget.

Mr. Wilson explained that the assessed valuation for homes and commercial property dropped significantly. Overall, the county grew in assessed valuation by approximately one percent, basically from Wolverine Oil. The challenge is that Canyon Fuel has already appealed everything and there is a chance of losing the appeal and a portion of their assessed valuation. Wolverine Oil moved to the top taxpayer in the county for the upcoming year. Basically, there will be a four percent tax increase but there is no requirement for the District to hold a truth in taxation hearing this year. Most of the increase comes from the state levy going up. If patrons wonder why their taxes are higher, it's because the legislators' raised the basic tax levy. The recommended tax rate for the resolution adoption was .006519.

Mr. Wilson presented the FY 2012 budget and stated that very few adjustments had been made since it was presented in the last work session and the preliminary budget presentation in May. Some of the adjustments included USTAR, updates to IDEA, Title I, and property tax rates and values. He pointed out that local revenues had increased this year and not because of new money. It was because of the shift in the levies to meet the guidelines of HB 302, which also shifted the expenditures.

ITEM #8. – ACTION ITEMS. A motion was made by Jack Hansen and seconded by Richard Orr to approve the FY 2011 Budget Revision and the adoption of the FY 2012 Budget and Tax Rate resolution. Motion passed unanimously.

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A motion was made by Richard Orr and seconded by Jack Hansen to cancel the July 20, 2011, Board meeting. Motion passed unanimously.

A motion was made by Don Naser and seconded by Jack Hansen to adopt the GASB 54 Resolution as presented. Motion passed unanimously.

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A motion was made by Jack Hansen and seconded by Don Naser to approve the revised Board Meeting calendar for 2011-12. Motion passed unanimously.

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A motion was made by Richard Orr and seconded by Jack Hansen to approve deleting the following policies from the policy manual: 2100, Early Retirement Incentive for Professional/Certified Employees, 2100A, Early Retirement Incentive for Employees – Phase Out, and 2105, Classified Employee Early Retirement. Motion passed unanimously.

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A motion was made by Jack Hansen and seconded by Tom Hales to approve the long-term disability election for Utah Retirement System Tier II employees. Motion passed unanimously.

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A motion was made at 6:43 p.m. by Jack Hansen and seconded by Richard Orr to adjourn the meeting. Motion passed unanimously.

*I certify that upon motion duly made, seconded and passed, the Board of Education of the Sevier School District approved the foregoing minutes on the 10<sup>th</sup> day of August 2011. I further certify that a quorum of the Board was present on both the day covered by these minutes and the day of approval.*

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*Patrick Wilson, Business Administrator*